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HOUSE BILL 846

46TH LEGISLATURE - STATE OF NEW MEXICO - FIRST SESSION, 2003

INTRODUCED BY

Ben Lujan

AN ACT

RELATING TO TAXATION; AMENDING A SECTION OF THE TAX
ADMINISTRATION ACT TO REDUCE THE RATE OF INTEREST DUE ON TAX
DEFICIENCIES.

BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF NEW MEXICO:

Section 1. Section 7-1-67 NMSA 1978 (being Laws 1965,
Chapter 248, Section 68, as amended) is amended to read:

"7-1-67. INTEREST ON DEFICIENCIES. --

A. If a tax imposed is not paid on or before the
day on which it becomes due, interest shall be paid to the
state on that amount from the first day following the day on
which the tax becomes due, without regard to any extension of
time or installment agreement, until it is paid, except that:

(1) for income tax imposed on a member of the
armed services of the United States serving in a combat zone

underscored material = new
[bracketed material] = delete

1 under orders of the president of the United States, interest
2 shall accrue only for the period beginning the day after any
3 applicable extended due date if the tax is not paid;

4 (2) if the amount of interest due at the time
5 payment is made is less than one dollar (\$1.00), then no
6 interest shall be due;

7 (3) if demand is made for payment of a tax,
8 including accrued interest, and if the tax is paid within ten
9 days after the date of the demand, no interest on the amount
10 paid shall be imposed for the period after the date of the
11 demand;

12 (4) if a managed audit is completed by the
13 taxpayer on or before the date required, as provided in the
14 agreement for the managed audit, and payment of any tax found
15 to be due is made in full within thirty days of the date the
16 secretary has mailed or delivered an assessment for the tax to
17 the taxpayer, no interest shall be due on the assessed tax; and

18 (5) when, as the result of an audit or a
19 managed audit, an overpayment of a tax is credited against an
20 underpayment of tax pursuant to Section 7-1-29 NMSA 1978,
21 interest shall accrue from the date the tax was due until the
22 tax is deemed paid.

23 B. Interest due to the state under Subsection A or
24 D of this section shall be at the rate of [~~fifteen~~] ten percent
25 a year, computed on a daily basis; provided that if a different

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underscored material = new
[bracketed material] = delete

1 rate is specified by a compact or other interstate agreement to
2 which New Mexico is a party, that rate shall be applied to
3 amounts due under the compact or other agreement.

4 C. Nothing in this section shall be construed to
5 impose interest on interest or interest on the amount of any
6 penalty.

7 D. If any tax required to be paid in accordance
8 with Section 7-1-13.1 NMSA 1978 is not paid in the manner
9 required by that section, interest shall be paid to the state
10 on the amount required to be paid in accordance with Section
11 7-1-13.1 NMSA 1978. If interest is due under this subsection
12 and is also due under Subsection A of this section, interest
13 shall be due and collected only pursuant to Subsection A of
14 this section. "

15 Section 2. EFFECTIVE DATE. --The effective date of the
16 provisions of this act is July 1, 2003.